


**City of Yuba City
Administrative Services Department
Staff Report**

Date: December 5, 2006
To: Honorable Mayor & Members of the City Council
From: Steven C. Kroeger, Assistant City Manager 
By: Jack R. Smith, General Services Manager

Summary

Subject: Authorization to Continue State Procurement Card Program

Recommendation: Authorize staff to enter into an agreement with US Bank as part of the State of California's Procurement Card (Cal Card) Program for the period of December 22, 2006 through December 21, 2011, with one optional two-year extension. Approve Addendum to the State of California Purchase Card Program Master Services Agreement (DGS MSA 5-06-99-01).

Alternatives: 1) Do not authorize staff to enter into agreement
2) Direct staff to complete a competitive process for card issuance

Fiscal Impact: None

Details

Purpose: To enter into a new master agreement with the Department of General Services for Cal Card services.

Background: In an effort to improve the effectiveness of purchasing small dollar items, the City entered into a contract with US Bank as part of the State of California Purchasing Card (Cal Card) program in April 1998. The Cal Card program carries the VISA logo which allows purchases at any vendor that accepts VISA. The current contract between the State and US Bank expires this calendar year. The State of California conducted a competitive bid process for their procurement card program (Cal Card) and awarded a new five-year contract, with an optional two-year extension, to US Bank, effective December 22, 2006.

US Bank is the largest issuer of commercial bank cards. The Statewide Cal Card program has grown from 1,705 cardholders and \$7 million in spending volume in 1994 to 53,000 cardholders and \$350 million in

spending volume today, with 1,060 participating agencies. Due to the large volume of annual transactions and participating agencies, the new contract offers the following: volume sales rebates, average transaction rebates, prompt payment rebate and no annual or per card fees.

The City has 106 Cal Card holders. The City's annual spending volume for calendar year 2005 was \$375,014.66 and the total rebate that year was \$856.79.

The Cal Card is an alternative option to writing small purchase orders under \$500.00. Some companies do not accept small purchase orders but do accept Cal Cards with the VISA logo. This has proven to give City staff the ability to obtain smaller items in an expeditious manner, and provides prompt payment to the merchant.

Conclusion:

Staff believes it is in the best interest of the City to enter into the agreement with US Bank.